

Utilizing Wisconsin's Affordable Housing TID Extension



Introductions



Jennifer Andrews, AICP

City of Waukesha

Community Development Director

Contact: jandrews@waukesha-wi.gov



Jeff Fortin, AICP

City of Waukesha

Economic Development Project
Manager

Contact: jfortin@waukesha-wi.gov



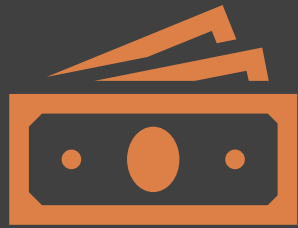
Jon Cameron, CIPMA

Ehlers Public Finance Advisors

Senior Municipal Advisor/ Managing
Director

Contact: jcameron@ehlers-inc.com

Tax Incremental Finance 101



TIF = Tax Incremental Finance

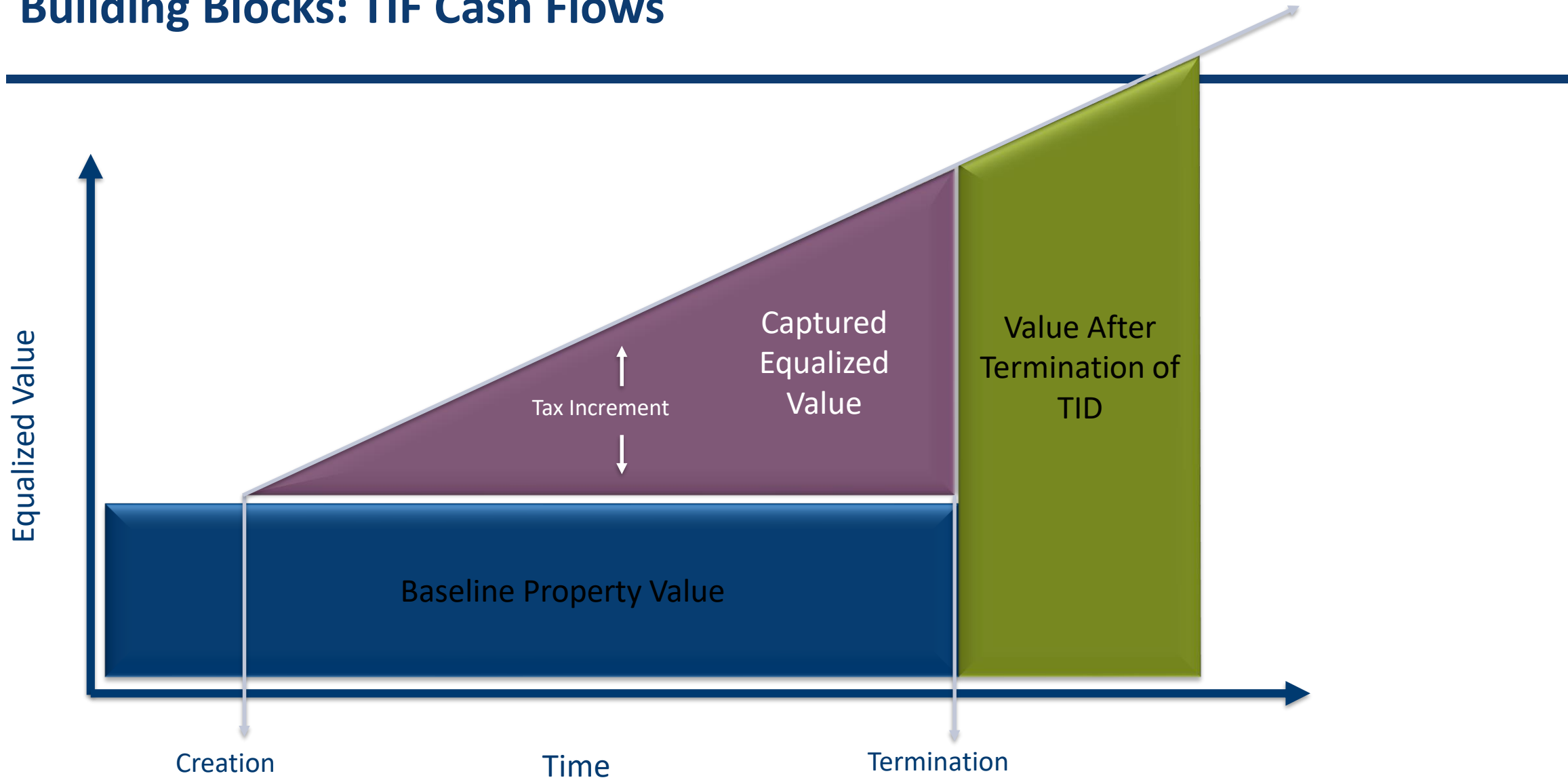
The tool



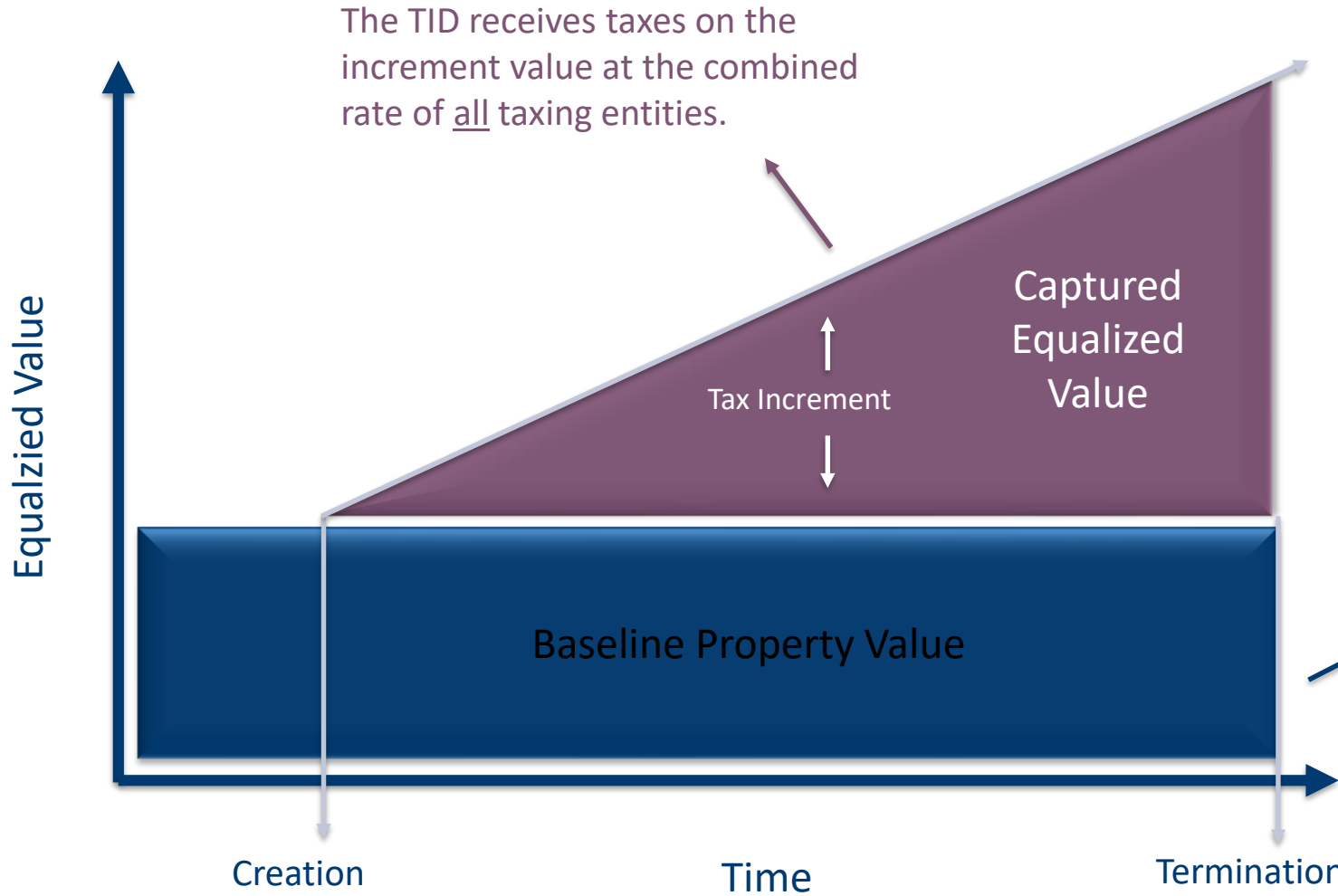
TID = Tax Incremental District

The area the tool is used

Building Blocks: TIF Cash Flows



Building Blocks: TID Tax Levies



Jurisdiction	Mill Rate
Local	\$6.50
County	\$4.00
School	\$7.50
VTAE	\$2.00
TOTAL	\$20.00

All taxing jurisdictions within TID boundary continue to receive their share of the tax levy on the base value of the TID.

TID Creation Requirements

Increment value of existing TID(s)

+ proposed base value of new district(s)

Must be < 12% of total Equalized Value

- Contiguous area & cannot extend beyond corporate limits
- Other requirements & maximum life limits apply per TID type

District Types

Type	Max Life	At Least 50% of Proposed District Area Must Be:	Newly Platted Residential
Mixed Use	20 Years	Suitable for combination of industrial, commercial & residential uses	Max 35% (plus density requirement)
Industrial		Zoned & suitable for industrial development	Not Allowed
Blighted Area	27 Years	Blighted	Not Allowed
Conservation or Rehabilitation		In need of conservation or rehabilitation	Not Allowed
Environmental Remediation		Containing significant environmental pollution	Not Allowed

TID Creation Procedure

- Feasibility study (Project Plan)
- Initial Joint Review Board (JRB) meeting
- Public hearing of Plan Commission
- Governing body approval (official “Creation Date”)
- Final JRB approval
- State approval (procedural & legal review)



History of TIF Affordable Housing Extension

ADDED TO STATE TIF STATUTES IN 2009

66.1105(6)(G)

Requirements - District Would Otherwise be Required to be Terminated

**TID must still
be open**

**All financial
obligations
must be met**

Common Council Resolution Required



NO JOINT REVIEW BOARD
APPROVAL NECESSARY

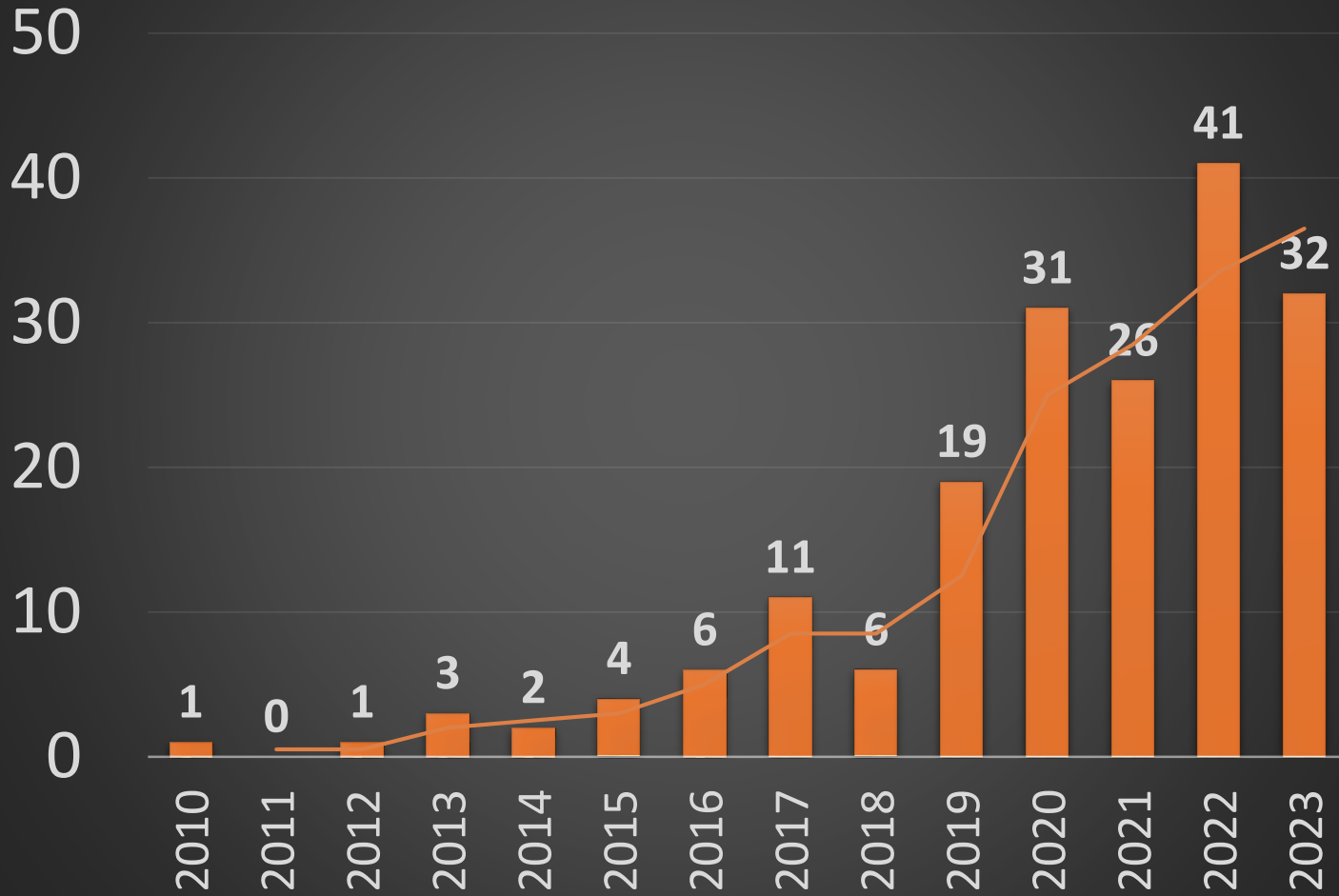


SPECIFY NUMBER OF MONTHS,
UP TO 12, THAT THE DISTRICT
WILL BE EXTENDED



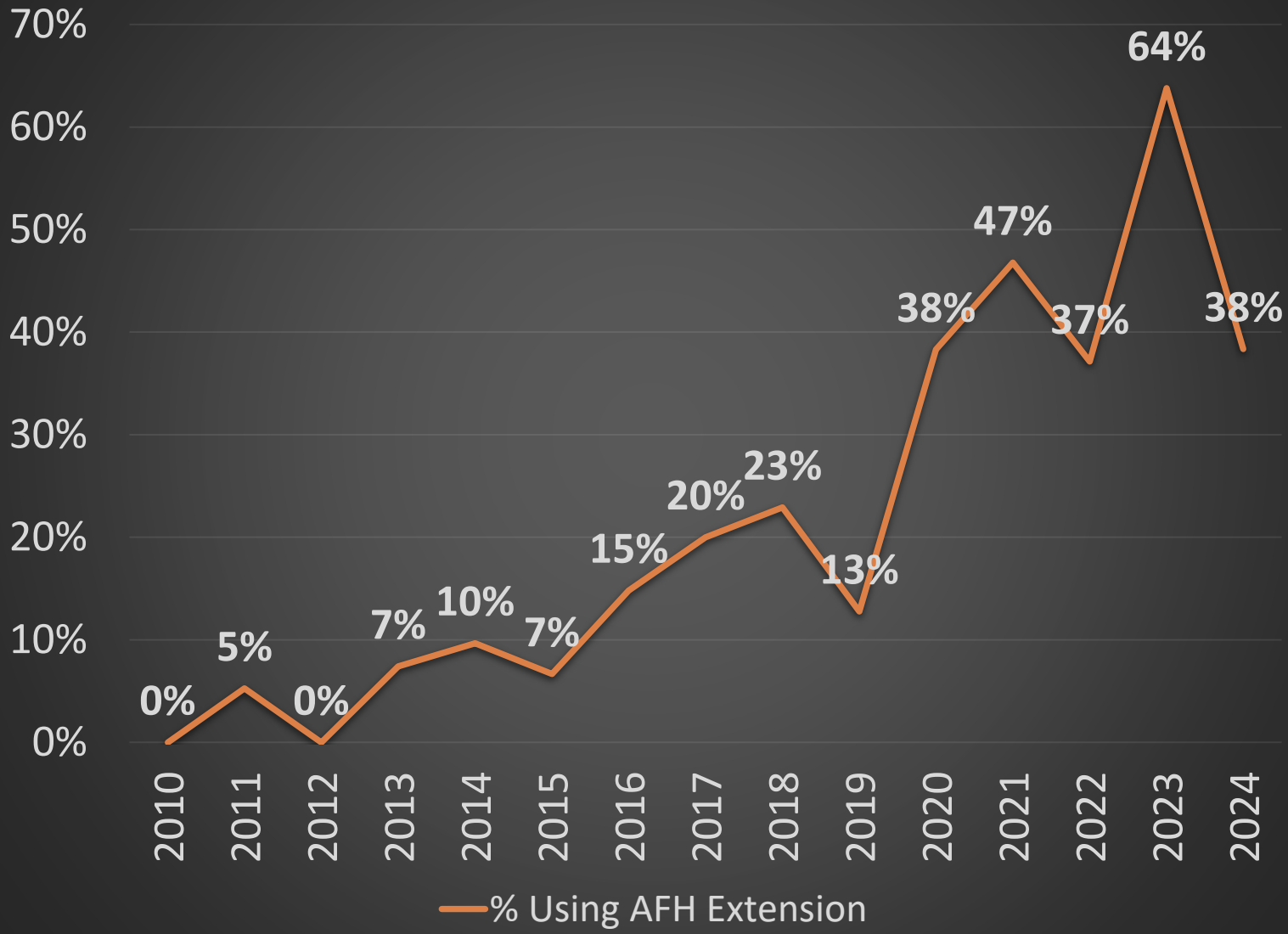
HOW THE CITY INTENDS TO
IMPROVE ITS HOUSING STOCK

Statewide TIF AH Extensions



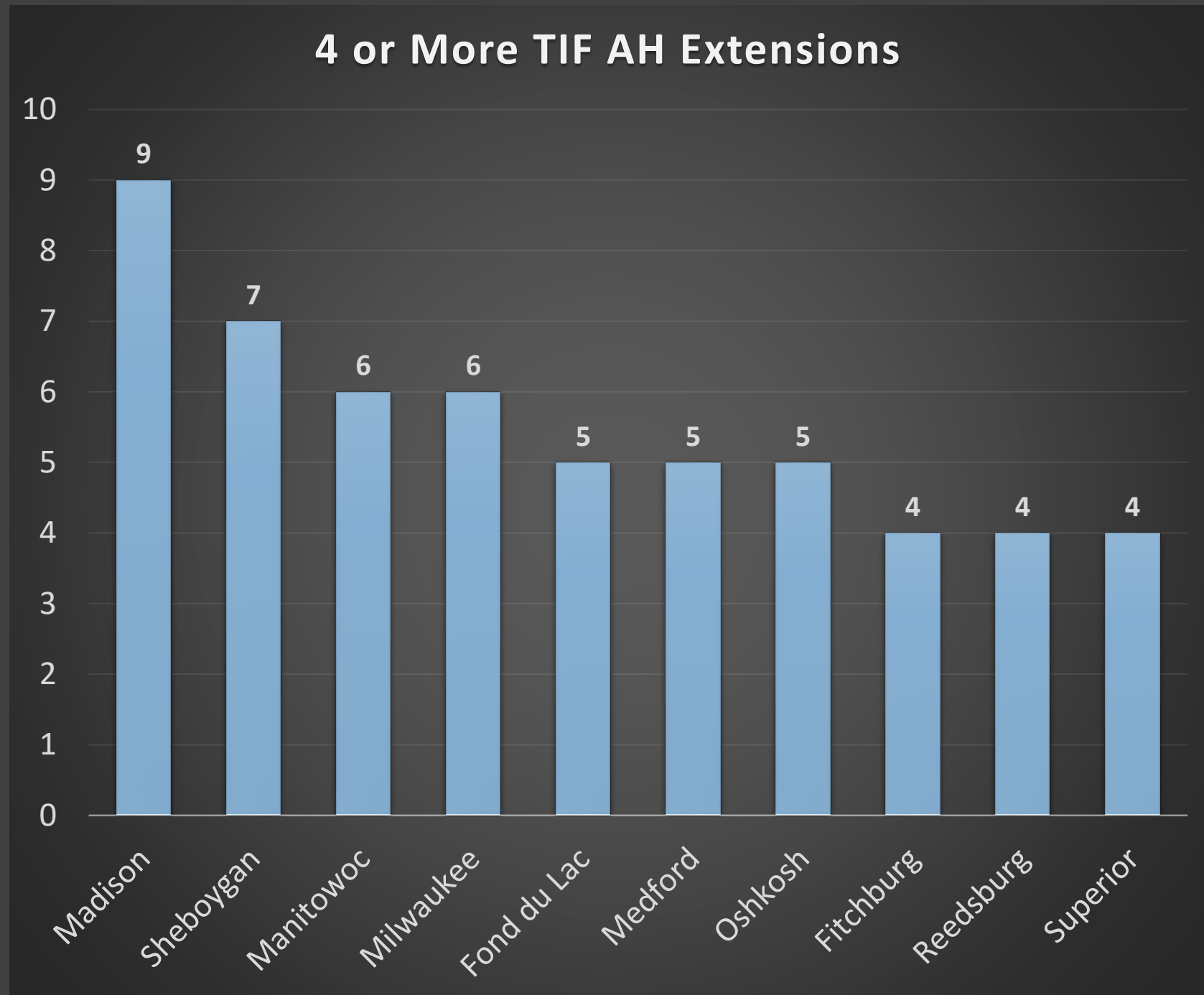
Statewide
Trends

% Closed TIDS That Used AFH Extension



Statewide
Trends

Most Experienced Communities



Statutory Uses of Extension Funds

75% of funds must
be used to
“benefit affordable
housing”

Remaining 25%
must be used to
“improve the
housing stock”

Defining “Benefit Affordable Housing”

THERE IS NO GUIDANCE FROM THE STATE



What Activities “Benefit” Affordable Housing

THINK ABOUT THE INTENT OF THE
LAW

Defining “Affordable Housing”

HUD Definition



Housing where the occupant is paying 30% or less of gross income on total housing, including utilities



Subsidize units for households at or below 80% of the County Median Income

What if you get it wrong?

Micro consequences:

- Lawsuits by taxpayers or other taxing jurisdictions.
- Lose the trust of JRB
- Lose the trust of the public

Macro consequences:

- Legislature could repeal the law

Waukesha – Benefiting Affordable Housing

Improving condition
and appearance of
existing affordable
housing

Land acquisition

Site preparation

Grants/Loans to
developers of new
affordable housing
units

Neighborhood
improvement
projects in LMI
areas.

Housing planning
activities

Rapid rehousing
activities

Waukesha's Programs

Affordable Housing
Rehab Program

- Improve the quality of affordable housing stock

Affordable Housing
Development Fund

- Increase the quantity of affordable housing units

Waukesha –
Affordable
Housing Rehab
Program

Homeowner Eligibility

- At or below 100% of County Median Income
 - Below 80% - 15-year repayment
 - Between 81%-100% - 10-year repayment
 - Economic hardship deferrals

Waukesha –
Affordable
Housing Rehab
Program

Property Eligibility

- Owner-occupied
- 50 years old
- Assessed at or below City median (\$302,200)
- No code violations
 - Can use loan to remedy

Use of loan funds



Roof replacement



Exterior repairs



Service upgrades



Foundation repair/grading



HVAC, Energy Efficiency



Remodeling/Updates

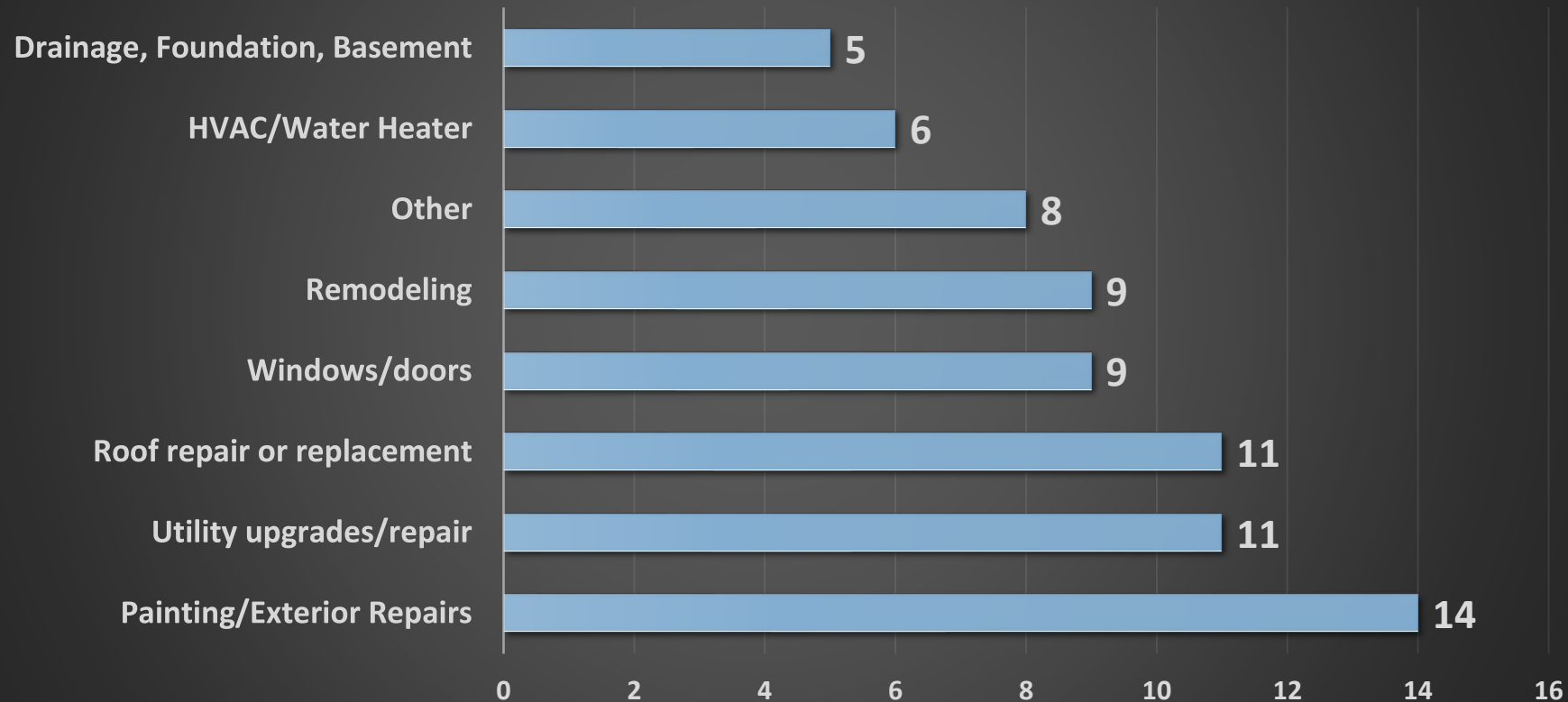


Code compliance



New windows & doors

Typical Loan Funded Projects



Other program specifics



Loans secured with a Mortgage & Promissory note



Loan Funds Distribution

City pays contractor or Homeowner reimbursement



Typical loan max: \$25,000



Habitat for Humanity Home Preservation Program



City of Waukesha

Provides \$5,000/home in assistance



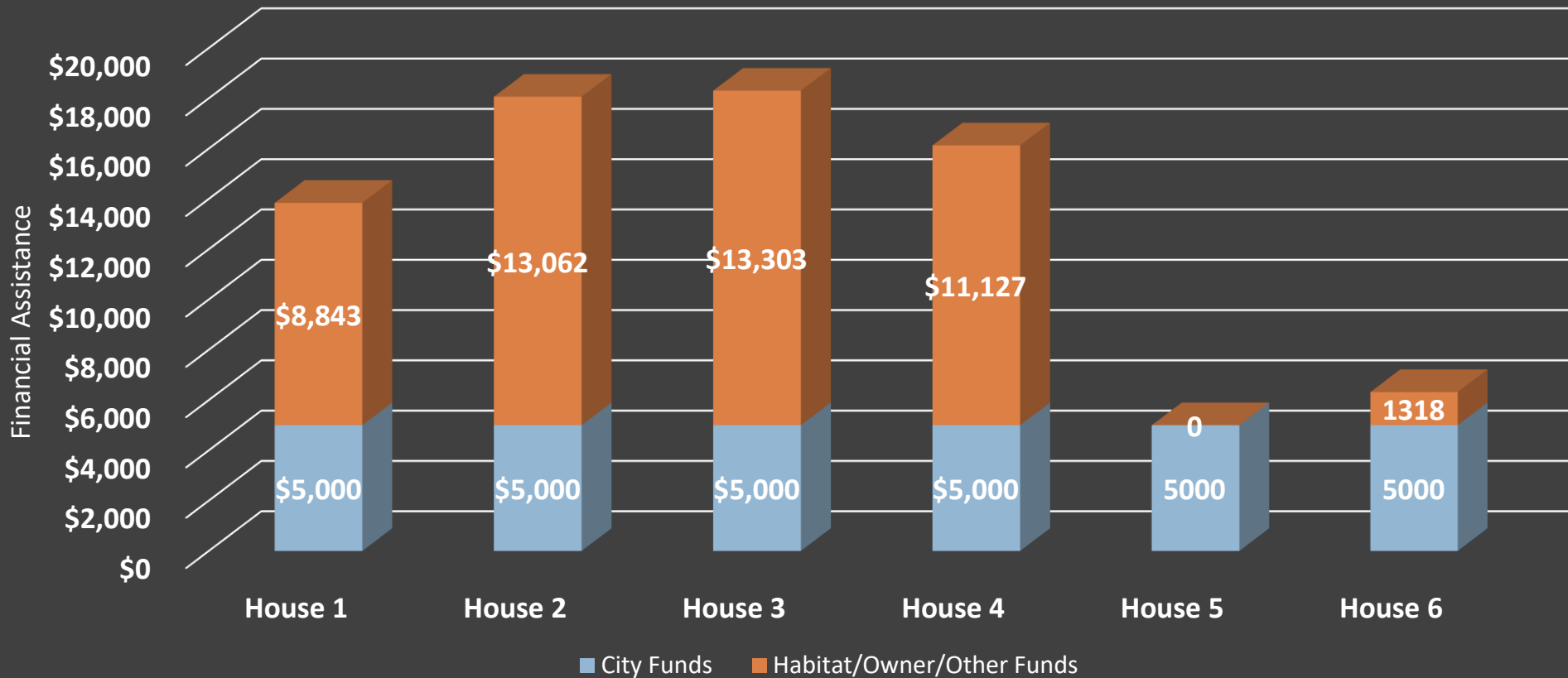
Habitat for Humanity

Approves homeowners

Secures donated/discounted materials

Assists with project/construction

Habitat for Humanity Home Preservation Program



Affordable
Housing
Development
Fund

Acquisition

Site Preparation

Gap Financing

Soft Costs

Rapid Rehousing

Neighborhood Improvement



Development Fund Projects

Habitat for Humanity Construction Loans

- Interest determined by RDA (1%-3%)
- Short-term 18 months-2 years
- 100,000 - \$150,000 range
- No payments during construction
- Principal and interest due at sale



Waukesha – Staffing Impacts



Loan Intake



Application Review



Property visits/code compliance



Loan Documents/recording



Fund distribution



Loan Payments



Satisfaction

By the numbers

38
Loans

Average home age:

86 Years

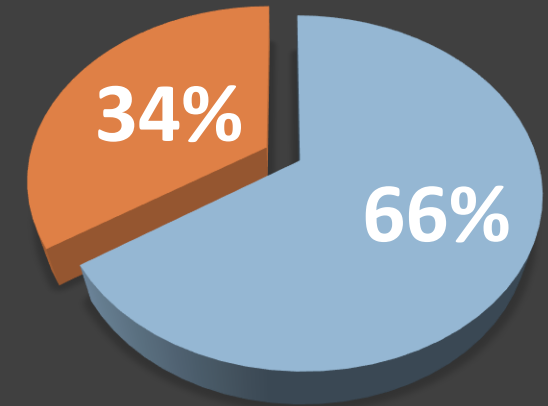
\$851,495

TIF Affordable Housing
Rehab Funds Committed

\$41,000

Median Household Income

Type of Loan



■ Deferred ■ Installment

Best Practices

- Do your programs actually benefit affordable housing?
- Make programs sustainable
- Pair with other sources
 - CDBG
 - TIF
 - WEHDA
 - Non-profits
- Interdepartmental collaboration
- Don't be afraid to make quick changes or end programs.
- Keep JRB and Council/Board updated

WHEDA Programs

Restore Main Street

- Affordable Upper-Level Housing

Vacancy to Vitality

- Convert Vacant Commercial Spaces to Affordable Housing

Infrastructure Access

- Extend, Replace, or Upgrade Utilities for Affordable or Senior Housing

June 2024: Affordable Housing Extension Clarification

If the funds are coming from a closed (not active) they are eligible to be used with these programs.

Other Communities – City of Oshkosh

Housing Rehabilitation Programs

- Housing improvement loan program
- Owner-occupied program
- Renter-occupied program

Down Payment Assistance

- Sold on Oshkosh

Incentive Programs

- Historic preservation program
- New Homes in Our Neighborhood Program

[Planning Services Housing Loans & Incentives - City of Oshkosh \(oshkoshwi.gov\)](http://oshkoshwi.gov)

Other Communities – City of Menasha

Strong Neighborhoods Menasha Housing Initiative

- Major Renovation
 - Large comprehensive updates
 - No interest and no payments. Forgiven after 5 years of living in home
 - Max loan amount = \$10,000

- Curb Appeal
 - Reimbursable grants for exterior repairs and home maintenance
 - Max grant amount = \$5,000
 - Funds reimbursed upon completion of the project

[City of Menasha, WI \(menashawi.gov\)](http://menashawi.gov)

Other Communities – City of Beaver Dam

- TID 4 Affordable Housing Extension - 2020
- River's Row Condos (proposed)
- Using funds to assist with redevelopment
- Affordable units on a blighted site downtown
 - Townhouses
 - 24 units
 - 2-3 bedrooms



Waukesha –
Deciding When
to Extend

Need for net new construction
bump

Value of the district

Amount of funds for affordable
housing generated

Current balance of the
affordable housing fund

Waukesha – TID Closeout Strategy

City of Waukesha-Tax Incremental Financing Districts - Anticipated TID Closures

TID #	Name	Incremental Value 1/1/2023	Removal 1/1/2024	Estimated Removal 1/1/2025	Estimated Removal 1/1/2026	Estimated Removal 1/1/2027	Estimated Removal 1/1/2028	Estimated Removal 1/1/2029	2030-2040 staggered closings	legal life
11	Downtown	\$83,307,200					86,754,800			4.14.2028
12	Wauk Corp	41,821,900					41,821,900			6.5.2027
13	Std Theatre	4,410,300				4,410,300				5.20.2026
17	Dtwn-South	70,585,000						32,242,400	38,342,600	9.18.2034
18	Fuller	8,185,200		8,185,200						7.15.2035
19	SPX	19,792,400							19,792,400	8.3.2034
20	Weldall	5,479,700							5,479,700	8.17.2036
22	Meijer	48,587,100		48,587,100						5.21.2033
23	Oberlin	10,386,800	10,386,800							6.3.2034
24	Whiterock	12,593,700							12,593,700	1.1.2045
25	H.S.A.	24,112,000							24,112,000	9.20.2035
26	Riverfront	2,179,900							2,179,900	9.3.2047
27	Fox Run	32,355,600							32,355,600	1.1.2048
28	Rivervalley	30,914,600							30,914,600	1.1.2041
29	Springhouse	346,000							346,000	1.1.2048
30	Mandel	10,994,200							10,994,200	2.16.2049
31	Wildeck	-							-	1.1.2051
		\$406,051,600	\$10,386,800	\$56,772,300	\$0	\$4,410,300	\$128,576,700	\$32,242,400	\$177,110,700	

Affordable Housing Extension

Partial Closure

Questions

Thank you to the following individuals for providing additional insight and advice

- *Trent Campbell, Beaver Dam Area Development Corporation*
- *Mark Lyons, City of Oshkosh*
- *Sam Schroeder, City of Menasha*